



Programs and Policies to Assist Low-Income Electric and Natural Gas Utility Customers

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Policy Goals

- Achieve long-term energy affordability and security for low-income households
- Achieve reduced utility system costs associated with low-income customer credit and collections

Low-Income Energy Security: Necessary Program Features

- Affordable Payments
- Arrearage Reduction and Management
- Secure Funding
- Efficient, Informed Energy Usage
- Effective Regulatory Consumer Protections
- Tracking and reporting utility arrearages, service terminations/restorations and uncollectible accounts

Affordable Payments

- Key to low-income energy security
- Payments based on customer income and target household energy burden level
 - Benefit level calculated to reduce participant household energy burden level to that of median-income household (Nevada)
 - Tiered Discount (New Hampshire)
- Federal, non-federal subsidies and energy efficiency benefits fill the gap between LI and MI burdens

Arrearage Reduction

- Low-income customers make regular, affordable monthly payments and reduce arrearages over time
- Implementation in conjunction with payment assistance program
- Example: 3-year payoff where $\frac{1}{12}$ of outstanding arrearages are forgiven after three months of timely payments (Pennsylvania)

Efficient, Informed Usage

- Payment assistance should coincide with availability and encouragement to participate in effective appliance and building efficiency programs
- Percentage of total DSM set aside for low-income purposes
- Innovation in cost-effectiveness testing and program measure identification

Sufficient and Dependable Program Funding

- Sufficiency: Enough \$ to fully fund low-income assistance programs and achieve policy goals
- Dependability: Long-term secure, reliable sources
- Both federal and non-federal sources
- Utility contributions based on revenues (not sales) (Montana)

Regulatory Consumer Protections

- Regulatory structure should contain provisions based on recognition of the extent to which nonpayment occurs as a result of inability to pay
- Clear link between regulatory termination protections and a affordable payment program outlined above

Regulatory Consumer Protections: Utility Payment Plans

- Offered to low-income customers as alternative to service termination or as terms of service restoration
- Initial payment plan of sufficient duration to account for customer's household financial circumstances
- 12-month minimum
- If initial payment plan fails and customer has demonstrated a good-faith effort to pay, a subsequent payment plan of equal or greater duration should be offered (Iowa)

Data Tracking

- Necessary to inform effective program design and implementation
- General residential and low income arrearages, service terminations and reconnections, and write-off of uncollectible accounts
- Monthly reporting by jurisdictional utilities (Iowa, Pennsylvania, Ohio)

*YTD Electric and Natural Gas Utility Service Terminations and Reconnections:
Pennsylvania, June 2004 and June 2005*

